



Manual of Policy and Procedures

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PURPOSE

Endowments, Gifts, and Quasi-Endowments are established to provide current and future college support, supplementing those resources covered by annual operating budgets.

STATEMENT OF POLICY

- 1) Definitions: Standardized definitions for Endowments and Quasi-Endowments at Vermont State Colleges are contained in Appendix A.
 - a. Endowments are separate funds established through gifts, including bequests and memorials, with the intention of producing income for the use of the institution. Endowment principal is not intended to be spent. Customarily, the donor will stipulate the gift to be invested as endowment to produce income, but in the case of a bequest, the gift will be considered a contribution to endowment at the choice of the Trustees.
 - b. Quasi-Endowments are funds that may be treated as Endowment for investment and income-producing purposes, but differ from Endowments in that they are managed by the Trustees of the organization rather than by the wishes of the donor. On recommendation of the President and the Chancellor the Board of Trustees may dissolve Quasi Endowments for use by the college.
 - c. Gifts are any charitable contributions donated to the VSC or its member colleges: gifts over \$10,000 may qualify as new named Endowments if the donor and the college so choose and the Board of Trustees approves. Gifts of any amount may be added to pre-existing Endowment or Quasi-Endowment funds if the donor so chooses. Gifts of any amount may be made to capital, annual and special project purposes in accordance with this policy.

2) Minimum Thresholds:

- a. In order to assure financial viability and growth of the fund considering the cost of managing the fund no new Endowment fund may be established for less than \$10,000.
- b. Pre-existing Endowment funds under \$ 10,000 may be retained by the VSC but donors will be invited to increase their fund to \$10,000 or fold it into a more general endowment fund.
- c. Each College may establish one or more General Endowment funds in order to accept smaller gifts designated for Endowment. The College may devise a means of acknowledging the donor that compensates for the fact that the Endowment fund is not a separate, namable fund.
- d. Quasi-Endowment funds may be established for \$10,000 or more, but the Trustees may decide to fold these into a General Quasi-Endowment fund three years after the initial gift if the principal is intact, the purposes of the fund match another fund, there is no apparent effort to increase the fund, or if the donor(s) prefer that the gift be treated as Endowment. On recommendation of the President and the Chancellor the Board of Trustees may dissolve Quasi Endowments for use by the college.

3) Gift Acceptance: The Board of Trustees of the VSC recognizes the importance of charitable giving to the well-being and future of the organization, and encourages its community, staff, neighbors and other friends to contribute generously to its annual fund, capital campaigns, endowments, and other purposes.

- a. VSC and its colleges welcome gifts of cash, publicly traded bonds and stock, insurance policies, real and personal property and pledges, as well as deferred gifts such as trusts, annuities, and bequests.
- b. Gifts of cash, securities, and paid insurance policies are accepted immediately upon receipt. Gifts are dated at the time they leave the donor's possession.
- c. Gifts of real estate and other property are accepted provided they can be used to advance VSC's mission, or sold by VSC. The customary procedure will be to sell these immediately, but the VSC retains the right to postpone sale. The donor may not stipulate the timing of the sale. Any appraisal and environmental assessments found necessary will be conducted at the expense of the donor prior to gift acceptance unless otherwise approved by the President and Chancellor.
- d. Gifts for restricted purposes will be accepted when those restrictions are a component of the VSC or College budget or of an active campaign. Gifts for other restricted purposes will be accepted only after the approval of the college President or Chancellor and Board of Trustees. Gifts restricted for endowment or

another special purpose fund may only be applied to a new named fund if the initial gift is \$10,000 or more. Additions to existing named funds will be accepted in any amount.

- e. VSC may choose not to directly manage gift annuities, and therefore any such gifts must be made with the understanding that a third party may manage the annuity and make income payments directly to the donor.
- f. Gifts cannot be applied to individual expenses such as residence fees, tuition, room, board or related expenses for personal benefit of a specific individual. Gifts may not be restricted for any purposes contrary to the values or mission of the organization, or for any purposes that would discriminate against any person or groups by reason of race, gender, ethnicity, age, sexual orientation, disability or other basis prohibited by law.

4) Approval Process:

- a. All new Endowment and Quasi-Endowment funds must be approved by the VSC Board of Trustees before being established and receiving investments.
- b. All new Endowment Funds and Quasi-Endowment funds must be presented for approval with a completed New Funding Source Document for review and recommendation by the Finance and Facilities Committee, and by the Chancellor.

5) Reporting:

- a. Notice of additions to or changes in established Endowments and Quasi-Endowments shall be provided with quarterly development reports to the Finance and Facilities Committee. A comprehensive report of all funds will be submitted to the Trustees annually.
- b. Notice of additions to and changes in Endowment and Quasi-Endowment should be provided to the appropriate colleges on a quarterly basis.
- c. Arrangements should be made with donors at the time an Endowment or Quasi-Endowment is established, stipulating the reports they may receive. No donor of a fund less than \$10,000 should expect to receive annual or quarterly detailed reports on income. All donors of Endowment or Quasi-Endowment funds should be informed at least annually of the disposition of income from their fund.

6) Acknowledgements:

- a. VSC recognizes the importance and propriety of gift acknowledgement by both the VSC and the member college.

- b. Once each year, each College may list all donors whose gifts have been received in the fiscal year in an annual report. At the end of each special campaign, a listing of donors may be published.
- c. The VSC may from time to time publish a listing of all donors to the VSC as a whole, and to member Colleges.
- d. The VSC and member Colleges may maintain Legacy Societies which acknowledges the generosity of those who have left a bequest, or communicated their intention to leave a bequest to the institution; this implies no financial accounting or tax benefit for revocable gifts.
- e. Donor requests for anonymity shall always be honored.
- f. The VSC may accept gifts with the provision that an endowment or scholarship fund, building, or other property be named in honor of the donor, a member of the donor's family, an honored friend of the organization, or another individual. Such naming opportunities will be in accordance with the VSC Naming of Campus Facilities and Properties Policy and approved by the Board prior to gift acceptance.

Appendix A

TRUE ENDOWMENTS

REGULAR ENDOWMENT FUNDS : (AICPA Audit Guide)

Funds which stipulate retention and investment in perpetuity, by donors or other outside agencies who also authorize expending investment proceeds and/or adding to principal.

GIFTS

UNRESTRICTED GIFTS :

Funds or items given by donors or other outside agencies, that are not appropriate to be endowed and use of which is not stipulated by the giver(s).

RESTRICTED GIFTS

Funds or items given by donors or other outside agencies, that are not appropriate to be endowed but use of which is stipulated by the giver.

QUASI-ENDOWMENTS

UNRESTRICTED QUASI-ENDOWMENT FUNDS: (AICPA Audit Guide)

Funds which stipulate retention and investment, but by the governing board rather than donors or other outside agencies. Internally vs. externally stipulated use means the governing board has the right to decide at any time to expend the principal. Source of funds proposed for establishing an unrestricted quasi-endowment should be current unrestricted.

RESTRICTED QUASI-ENDOWMENT FUNDS: (NACUBO Accounting Guide)

Funds which have donors or other outside agencies specifying how a gift is to be used but not when, thus allowing the governing board to set up a restricted quasi-endowment to optimize long-term investment. Income from such investments is automatically limited to the operating purposes to which the original gift was restricted.